

**ASSEMBLY BILL**

**No. 155**

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**Introduced by Assembly Member Nakanishi**

January 18, 2007

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An act to add Sections 17059 and 23659 to the Revenue and Taxation Code, relating to taxation, and making an appropriation therefor, to take effect immediately, tax levy.

LEGISLATIVE COUNSEL'S DIGEST

AB 155, as introduced, Nakanishi. Income and corporation taxes: credit: energy efficient homes.

The Personal Income Tax Law and Corporation Tax Law authorize various credits against the taxes imposed by those laws.

This bill would, under both laws, for each taxable year beginning on or after January 1, 2008, allow a refundable credit to a qualified taxpayer, as defined, for the construction of, or acquiring of, a qualified energy efficient home, as provided.

This bill would take effect immediately as a tax levy.

Vote:  $\frac{2}{3}$ . Appropriation: yes. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 17059 is added to the Revenue and
- 2 Taxation Code, to read:
- 3 17059. (a) For each taxable year beginning on or after January
- 4 1, 2008, there shall be allowed as a credit against the "net tax," as
- 5 defined by Section 17039, to a qualified taxpayer an amount equal
- 6 to the amount determined in subdivision (b).

1 (b) The amount of the credit shall be either of the following:

2 (1) Two thousand dollars (\$2,000) if the qualified energy  
3 efficient home is certified pursuant to subdivision (d).

4 (2) One thousand dollars (\$1,000) if the qualified energy  
5 efficient home is certified pursuant to subdivision (e).

6 (c) For purposes of this section:

7 (1) "Eligible contractor" means a person who constructed a  
8 qualified energy efficient home or the manufactured home producer  
9 of a qualified energy efficient home if the qualified energy efficient  
10 home is a manufactured home.

11 (2) "Qualified energy efficient home" means a dwelling unit  
12 located in California whose construction is substantially completed  
13 after January 1, 2008, and is certified under subdivision (d) or (e).

14 (3) "Qualified taxpayer" means either an eligible contractor or  
15 a person who acquired or purchased a qualified energy efficient  
16 home from an eligible contractor.

17 (d) A dwelling unit shall be certified, and the qualified taxpayer  
18 allowed a credit under paragraph (1) of subdivision (b), if all of  
19 the following conditions are met:

20 (1) The dwelling unit has a level of annual heating and cooling  
21 energy consumption that is at least 50 percent below the annual  
22 level of heating and cooling energy consumption of a comparable  
23 dwelling unit and has building envelope component improvements  
24 that account for at least one-fifth of that percent.

25 (2) The dwelling unit is constructed in accordance with the  
26 standards of Chapter 4 of the 2003 International Energy  
27 Conservation Code as that code, including supplements, is in effect  
28 on January 1, 2008.

29 (3) The dwelling unit contains heating and cooling equipment  
30 efficiencies which correspond to the minimum allowed under the  
31 regulations established by the United States Department of Energy  
32 pursuant to the National Appliance Energy Conservation Act of  
33 1987 in effect at the time of completion of construction of the  
34 dwelling unit.

35 (4) The dwelling unit conforms to Section 3280 of Title 24 of  
36 the Code of Federal Regulations if the dwelling unit is a  
37 manufactured home.

38 (e) A dwelling unit shall be certified, and the qualified taxpayer  
39 allowed a credit under paragraph (2) of subdivision (b), if all of  
40 the following conditions are met:

1 (1) The dwelling unit is a manufactured home.

2 (2) The dwelling unit conforms to Section 3280 of Title 24 of  
3 the Code of Federal Regulations.

4 (3) The dwelling unit meets either of the following standards:

5 (A) Has a level of annual heating and cooling energy  
6 consumption that is at least 30 percent below the annual level of  
7 heating and cooling energy consumption of a comparable dwelling  
8 unit and has building envelope component improvements that  
9 account for at least one-third of that percent.

10 (B) Meets the requirements established by the Administrator of  
11 the United States Environmental Protection Agency under the  
12 Energy Star Labeled Homes program.

13 (f) In the case where the credit allowed by this section exceeds  
14 the taxpayer's tax liability computed under this part, the excess  
15 shall be credited against other amounts due, if any, from the  
16 taxpayer, and the balance, if any, shall be refunded to the taxpayer.

17 (g) The Franchise Tax Board shall promulgate rules and  
18 regulations necessary to implement this section.

19 SEC. 2. Section 23659 is added to the Revenue and Taxation  
20 Code, to read:

21 23659. (a) For each taxable year beginning on or after January  
22 1, 2008, there shall be allowed as a credit against the "tax," as  
23 defined by Section 23036, to a qualified taxpayer an amount equal  
24 to the amount determined in subdivision (b).

25 (b) The amount of the credit shall be either of the following:

26 (1) Two thousand dollars (\$2,000) if the qualified energy  
27 efficient home is certified pursuant to subdivision (d).

28 (2) One thousand dollars (\$1,000) if the qualified energy  
29 efficient home is certified pursuant to subdivision (e).

30 (c) For purposes of this section:

31 (1) "Eligible contractor" means a person who constructed a  
32 qualified energy efficient home or the manufactured home producer  
33 of a qualified energy efficient home if the qualified energy efficient  
34 home is a manufactured home.

35 (2) "Qualified energy efficient home" means a dwelling unit  
36 located in California whose construction is substantially completed  
37 after January 1, 2008, and is certified under subdivision (d) or (e).

38 (3) "Qualified taxpayer" means either an eligible contractor or  
39 a person who acquired or purchased a qualified energy efficient  
40 home from an eligible contractor.

1 (d) A dwelling unit shall be certified, and the qualified taxpayer  
2 allowed a credit under paragraph (1) of subdivision (b), if all of  
3 the following conditions are met:

4 (1) The dwelling unit has a level of annual heating and cooling  
5 energy consumption that is at least 50 percent below the annual  
6 level of heating and cooling energy consumption of a comparable  
7 dwelling unit and has building envelope component improvements  
8 that account for at least one-fifth of that percent.

9 (2) The dwelling unit is constructed in accordance with the  
10 standards of Chapter 4 of the 2003 International Energy  
11 Conservation Code as that code, including supplement, is in effect  
12 on January 1, 2008.

13 (3) The dwelling unit contains heating and cooling equipment  
14 efficiencies that correspond to the minimum allowed under the  
15 regulations established by the United States Department of Energy  
16 pursuant to the National Appliance Energy Conservation Act of  
17 1987 in effect at the time of completion of construction of the  
18 dwelling unit.

19 (4) The dwelling unit conforms to Section 3280 of Title 24 of  
20 the Code of Federal Regulations if the dwelling unit is a  
21 manufactured home.

22 (e) A dwelling unit shall be certified, and the qualified taxpayer  
23 allowed a credit under paragraph (2) of subdivision (b), if all of  
24 the following conditions are met:

25 (1) The dwelling unit is a manufactured home.

26 (2) The dwelling unit conforms to Section 3280 of Title 24 of  
27 the Code of Federal Regulations.

28 (3) The dwelling unit meets either of the following standards:

29 (A) Has a level of annual heating and cooling energy  
30 consumption that is at least 30 percent below the annual level of  
31 heating and cooling energy consumption of a comparable dwelling  
32 unit and has building envelope component improvements that  
33 account for at least one-third of that percent.

34 (B) Meets the requirements established by the Administrator of  
35 the United States Environmental Protection Agency under the  
36 Energy Star Labeled Homes program.

37 (f) In the case where the credit allowed by this section exceeds  
38 the taxpayer's tax liability computed under this part, the excess  
39 shall be credited against other amounts due, if any, from the  
40 taxpayer, and the balance, if any, shall be refunded to the taxpayer.

- 1 (g) The Franchise Tax Board shall promulgate rules and
- 2 regulations necessary to implement this section.
- 3 SEC. 3. This act provides for a tax levy within the meaning of
- 4 Article IV of the Constitution and shall go into immediate effect.

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